

SUBJECT: Annexation of water districts

COMMITTEE: Natural Resources reported favorably as substituted

VOTE: 8 ayes--Craddick, Peveto, Close, Coleman*, Massey, Miller*, Rudd*,
Simpson*

0 nays--

0 present, not voting--

3 absent--Berlanga*, Cain*, Looney

WITNESSES: FOR: Tom Leonard, Attorney at Law

DIGEST: This bill prohibits municipal annexations of part of a water district; the entire district must be annexed. If the district contains more land than the city is allowed to annex under the Municipal Annexation Act, the city may annex the district, anyway, but cannot get any more land the same year. A city may annex a district that contains land outside the city's extra-territorial jurisdiction, but only if at least 50 per cent of the district is within the ETJ. Districts with less than half their property inside the ETJ are, in effect, protected from annexation by this bill. Districts in two or more ETJ's are not covered by the bill.

PRO: Water districts are governmental units. They represent a community of interest, usually an identifiable subdivision. A city should annex the whole district or leave it alone. Districts shouldn't be split.

The water and sewer systems in these districts are engineered and financed as a unit. Partial annexation breaks up this unit. The water well might be inside the city limits and the sewage treatment plant outside. Taxes and water rates could become very confused, and some residents might even get hit twice.

Partial annexations offer a lot of opportunity for abuse--both of the city's and the district's residents--as officials try to divide the district's debt, set new rates and work out contracts for future water and sewer services.

The district, meanwhile, may be operating from a position of political and legal weakness if its board was split by the annexation.

This bill brings order to this chaotic and potentially dangerous situation.

CON: This bill violates the intent of the Municipal Annexation Act by allowing cities to swallow up land outside the boundaries of their ETJ's. The ETJ limit (10 per cent growth each year) is a reasonable one. People move outside these ETJ's to get away from the city. They shouldn't have to worry about annexation when they live outside the ETJ.

COMMENTARY: Water districts are small special purpose governments. According to the sponsor, this bill affects municipal utility districts, water control and improvement districts, fresh water supply districts, special law districts and water improvement districts. It does not apply to "wholesale" water distribution districts.

The Municipal Annexation Act (Art. 970a) defines extra-territorial jurisdiction and regulates annexation. It was written to control the "annexation wars" of the 1960's. A city's ETJ depends on its size and may range from one-half mile to five miles. The law now generally prohibits annexation outside the ETJ and generally limits annexations to territory equal to 10 per cent of the existing corporate territory. HB 656 makes an exception to those two requirements when a city is annexing a water district.

#